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## **A linear threshold model for optimal stopping behavior**

Baumann, Christiane ; Singmann, Henrik ; Gershman, Samuel J ; von Helversen, Bettina

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A Linear Threshold Model for Optimal Stopping Behavior

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## Abstract

In many real life decisions, options are distributed in space and time, making it necessary to search sequentially through them, often without a chance to return to a rejected option. The optimal strategy in these tasks is to choose the first option that is above a threshold that depends on the current position in the sequence. The implicit decision making strategies by humans vary but largely diverge from this optimal strategy. The reasons for this divergence remain unknown. We present a new model of human stopping decisions in sequential decision making tasks based on a linear threshold heuristic. The first two studies demonstrate that the linear threshold model accounts better for sequential decision making than existing models. Moreover, we show that the model accurately predicts participants' search behavior in different environments. In the third study, we confirm that the model generalizes to a real-world problem, thus providing an important step towards understanding human sequential decision making.

*Keywords:* optimal stopping, cognitive modeling, sequential decision making, adaptive behavior

Decisions that arise in everyday life often have to be made when options are presented sequentially. For example, searching for a parking spot, deciding when to take a vacation day, or finding a partner, all require that the decision maker accepts or rejects an option without knowing if future options will be more attractive. Decisions in such problems involve a trade-off between accepting a possibly suboptimal option prematurely and rejecting the current offer out of false hopes for better options in the future.

Despite the importance of such decisions, relatively little work has been made toward characterizing the process by which humans decide to stop searching in natural settings of this task.

Earlier research has focused on a simplified version of optimal stopping problems, the so-called secretary problem, where only the rank of the option relative to those already seen is shown (Bearden et al., 2006; Seale & Rapoport, 1997, 2000) and only the overall best alternative is rewarded. In the secretary problem, the optimal strategy is to ascertain the maximum of the first 37% options and choose the next option that exceeds this threshold (Gilbert & Mosteller, 1966). Empirical studies suggest that in general people follow a similar strategy but usually set the cut-off (i.e., from which point on they will accept an option that exceeds the previous options) earlier than the 37% prescribed by the optimal solution (Kahan et al., 1967; Seale & Rapoport, 1997).

Some studies have investigated tasks closer to real sequential choice problems by presenting the actual value of the option to the decision makers (Guan & Lee, 2018; Guan et al., 2015; Kogut, 1990; Lee, 2006; von Helversen & Mata, 2012). In this version, the optimal is based on calculating the probability of winning on the later positions. From this probability, a threshold is calculated for each option in the sequence as described by Gilbert and Mosteller (Gilbert & Mosteller, 1966, Section 3). Lee (Lee, 2006) estimated a family of threshold-based models and showed that most participants decreased their choice thresholds as sequences progress. Although people are overall quite heterogeneous in their search behavior, they tend to cluster around the optimal solution (Guan & Lee, 2018; Guan et al., 2015). Importantly, these studies still

kept the restriction that only the best alternative is rewarded—a payoff function that does not correspond well with everyday experiences. Humans do find a mate, an apartment to live, or a ticket to fly to their vacation destination, and thus receive some payoff, even if that may not be the highest possible payoff.

In the present research, we propose a model of human decision making in optimal stopping problems using payoffs that are based on the actual values. In this variant of the search problem, the optimal decision thresholds are calculated based on the expected reward of the remaining options ((Gilbert & Mosteller, 1966, Section 5b) and SI Appendix, Text A). This leads to a decision threshold that changes notably nonlinear over the sequence.

In contrast, we propose that people rely on a mental shortcut and adapt their thresholds linearly over the sequence. We show that a model with this linearity assumption accurately captures when people stop search and accept an option, even in a real-world setting. Furthermore, this model allows us to predict under which conditions people search more or less than the optimal model, making it a useful tool to understand human sequential decision making.

We first sketch a family of cognitive models for describing behavior in optimal stopping problems. We then present results from three behavioral experiments that provide evidence for the validity of the linear model in a laboratory setting as well as in a real-world scenario.

## Computational models

We explain the computational models based on a typical optimal stopping problem that we also used in our first two experiments. The decision maker (here a customer) is planing a vacation and decides to buy the plane ticket online. Ticket prices vary randomly from day to day and the customer wants to find the cheapest ticket. The customer checks the ticket price every day and decides if she wants to accept or reject the ticket, without having the option to go back in time to a previously rejected offer. Search time is limited by her vacation schedule (i.e., 10 decisions per trial) and, once

accepted, the search ends.

More formally, we consider a decision maker who encounters a sequence of tickets with values denoted by  $x_1, \dots, x_{10}$  and she wants to find the minimum value in the sequence. If the decision maker accepts ticket  $x_i$ , the sequence terminates and she has to pay  $x_i$ ; otherwise, she continues to the next ticket. When the last ticket is reached, it must be accepted.

All models assume that the decision maker relies on a probabilistic threshold to make the decision to accept or reject a ticket—i.e., ticket  $x_i$  on position  $i$  is compared to a position dependent threshold  $t_i$ . This comparison yields an acceptance probability  $\theta_i$  based on a sigmoid choice function with sensitivity parameter  $\beta$  and

$$\theta_i = \frac{1}{1 + \exp\{\beta(x_i - t_i)\}}. \quad (1)$$

Small values of  $\beta$  produce more stochasticity in decisions, whereas the policy approaches determinism when  $\beta \rightarrow \infty$ .

We examine the setting of thresholds by comparing the performance of four different models.

- The *Independent Threshold Model (ITM)* serves as our baseline. It assumes no dependency between the thresholds. It entails  $N$  independent threshold parameters  $t_1, \dots, t_N$ , one for each position in the sequence, where the decision maker can decide to accept or reject an offer (at position  $N + 1$  the ticket must be accepted). The thresholds can take any value across positions. The model maintains maximal flexibility and provides an upper limit how well any threshold model can describe a person's decision given the assumption of a probabilistic threshold.
- The *Linear Threshold Model (LTM)* postulates that the thresholds are constrained by a linear relation to each other and therefore are completely defined by the first

threshold  $t_0$  and the linear increase  $\delta$  as the sequence progresses:

$$t_{i+1} = t_i + \delta \cdot i, \quad (2)$$

This model entails three free parameters, the first threshold  $t_0$ , the increase of the threshold  $\delta$  and the choice sensitivity  $\beta$ .

- The *The Biased Optimal Model (BOM)* is based on the Bias-from-Optimal threshold model proposed by Guan et al. (Guan et al., 2015), assuming that humans are using thresholds that deviate systematically from the optimal thresholds.. The optimal thresholds  $t_i^*$  for each position  $i$  are derived by determining the expected reward of the remaining options (derivation in (Gilbert & Mosteller, 1966, Section 5b) and in SI Appendix, Text A). The model entails a systematic bias parameter  $\gamma$  that reflects the divergence of the human threshold from the optimal one. Additionally, the thresholds depend on a parameter  $\alpha$  that determines how much their bias increases or decreases as the sequence progresses.

$$t_i = t_i^* + \gamma + \alpha \cdot i, \quad (3)$$

When  $\gamma$  and  $\alpha$  are set to 0, the thresholds represent the optimal thresholds that lead to best performance. This model is therefore defined by three free parameters,  $\gamma$ ,  $\alpha$  and the choice sensitivity  $\beta$ .

- The *Cut-off Model (CoM)* is inspired by the optimal decision rule for the rank information version of the secretary problem where the distribution of the prices is unknown. It assumes that the DM has a fixed cut-off value  $k$  that determines how long she explores in the beginning of the sequence. The highest value seen in that initial sample of  $k$  tickets is then set as her threshold, and the first value that exceeds this threshold in the remainder of the sequence is chosen. This model has two free parameters, the cut-off value  $k$  and the sensitivity parameter  $\beta$ .

Models were implemented in a *hierarchical-Bayesian statistical framework* using

JAGS (Plummer et al., 2003) (SI Appendix, Text B).

## Experiment 1

We asked 129 participants to solve a computer-based optimal stopping problem following the ticket-shopping task described above. Tickets were normally distributed with a mean value of \$180 and a standard deviation of \$20. In the first phase, subjects learned the distribution using a graphical method proposed by (Goldstein & Rothschild, 2014) (*Material and Methods*). SI Appendix, Fig. S1A shows that this procedure was successful in ensuring participants learned the distribution.

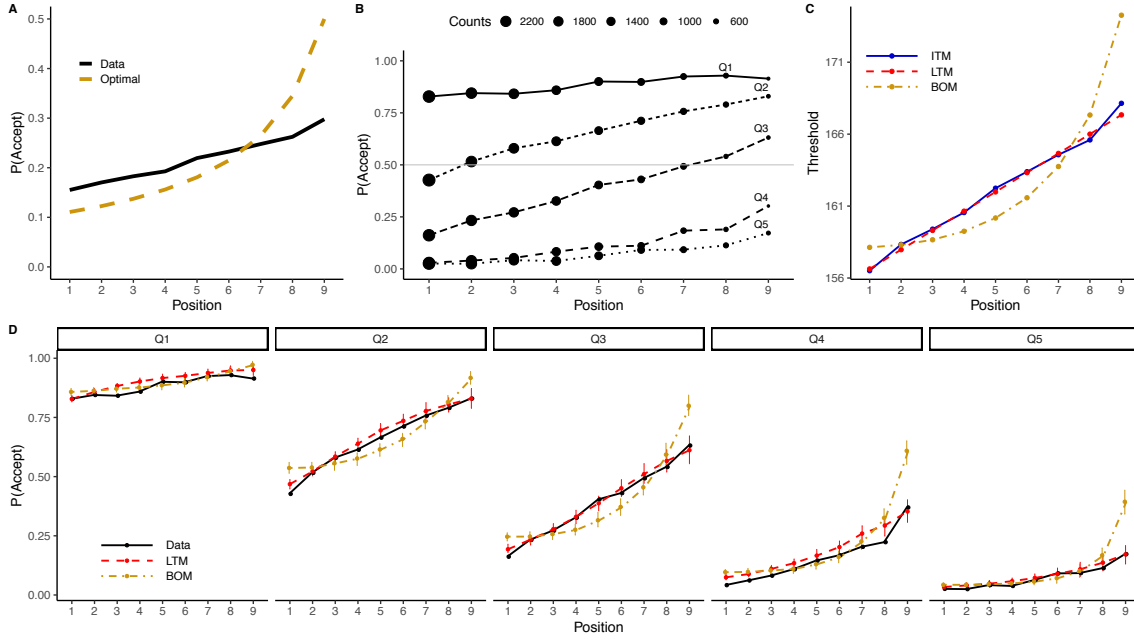
In the second phase, participants performed 200 trials of the ticket-shopping task. In each trial, participants searched through a sequence of ten ticket prices. For each ticket, they could decide to accept or reject it at their own pace. Participants were aware that they could see up to 10 tickets in each trial, and they were always informed about the actual position and the number of remaining tickets (SI Appendix, Fig. S2E for a screen shot). It was not possible to go back to an earlier option after it was initially declined. If they reached the last ticket (10<sup>th</sup>) they were forced to choose this ticket. When participants accepted the ticket, they received feedback about how much they could have saved if they had chosen the best ticket in the sequence. Performance was incentivized based on the value of the chosen ticket (*Material and Methods*).

## Behavioral results

Subjects earned on average 17.1 points (SD: 4.2) in each trial (maximum points = 20), which represents a 6% loss on optimal earnings. Participants' marginal accept probabilities steadily increased as the sequence progressed (Fig. 1A, black line), but differed systematically from the optimal agent's accept probability (Fig. 1A, yellow line). On the second-to-last (9<sup>th</sup>) position, participants accepted the ticket only with a 28%, 95%-CI [26%, 29%], probability, whereas following the optimal policy would result in a significantly higher acceptance rate of 50%.

Overall, subjects stopped earlier than optimal. The average position at which a ticket was accepted was 4.7 (SD: 2.9), whereas an optimal agent would have stopped at





*Figure 1.* (A) Probability to accept a ticket on each position across all prices. The dark line represents participant's frequency to accept, the dashed yellow line an optimal agent's probability to accept. (B) Participants' probability to accept. Each line represents ticket prices ranging from the first quantile to the fifth quantile. Q1: Tickets in first quantile, Q2: Tickets ranging from the first to the second quantile etc. The size of circles correspond to the number of data points on each position. (C) Estimated thresholds for the ITM with 9 free threshold parameters (solid blue line), the LTM with 2 free threshold parameters (dashed red line) and the BOM with 2 free threshold parameters (dash-dotted yellow line) (D) Posterior predictive mean and 95% HDI of the LTM (dashed red line) and the BOM (dash-dotted yellow line) for Q1 to Q5, as indicated in (B). Data: solid black lines

an average stopping position of 5.2 (SD: 2.8). However, a closer look at Fig. 1A reveals that whether subjects accept too early or too late depends on the position: on earlier positions they accept options although they should continue to search, whereas, if they get to position 7, they continue searching even for options that should be accepted according to the optimal policy.

Fig. 1B shows the accept probabilities conditional on ticket prices, split into the first five quantile ranges  $Q1 - Q5$  (out of a total of ten quantile ranges).  $Q_i$  is defined as the range of ticket prices from the  $0.i$ th to the  $(0.i - 0.1)$ th quantile of the ticket price distribution. In this experiment, the ticket distribution corresponds to a Gaussian distribution with mean 180 and standard deviation of 20. Accept probabilities for  $Q4$  and  $Q5$  did not reach 50% at position 9, in contrast to the optimal strategy that predicts much higher acceptance probabilities at this position.

Our models did not assume any learning over trials. This assumption was

supported by an analysis of performance across trials. A linear mixed model on points per trial with trial number as fixed effect and by-participant random intercepts and random slopes for trial number showed no significant effect of trial number,

$$F(1, 64.00) = 0.02, p = 0.88.$$

### Modeling results and discussion

First, we checked whether the key assumptions of the modeling framework were supported. We calculated, per participant and model, posterior predictive  $p$ -values ( $p_{pp}$ ) that compared misfit (i.e., deviance) of the observed data with misfit of synthetic generated data from the model. For the baseline model, ITM, this analysis indicated that the absolute fit was very good, and a probabilistic threshold adequately describes participants' responses;  $p_{pp} < .05$  for only 8% of participants (SI Appendix, Fig. S3A). For the vast majority of participants the observed misfit was consistent with the assumptions of the ITM plus sampling variability.

The performance of the LTM was almost identical to the ITM, suggesting that the considerably more parsimonious LTM (three free parameters for LTM compared to ten for ITM) adequately describes behaviour in optimal stopping tasks. The distribution of  $p_{pp}$ -values of the LTM was almost identical to the ITM (SI Appendix, Fig. S3A-B). Fig. 1D provides qualitative evidence of the agreement between LTM and data; the LTM adequately predicts accept probabilities for each quantile at every position (see SI Appendix, Fig. S4 for agreement between ITM and data). Fig. 1C compares the recovered thresholds of ITM and LTM and shows that the ITM thresholds essentially form a straight line lying exactly on top of the LTM thresholds.

The absolute fit of the BOM is clearly worse than for ITM/LTM;  $p_{pp} < .05$  for 35% of participants (SI Appendix, Fig. S3C). The source for this increased misfit can be seen in Fig. 1D. Only for Q1 and early positions of Q4 and Q5 did the BOM provide an adequate account. Furthermore, the recovered thresholds (Fig. 1C) of the BOM clearly differ from the ITM in almost all positions. Results of the CoM are not shown explicitly as its performance was extremely poor. All  $p_{pp} = 0$ ; there was not a single posterior

sample for which the observed misfit of the CoM was smaller than for synthetic data generated from the CoM. Furthermore, choices were essentially random for CoM with  $\beta_{\text{CoM}} = 0.02$  [0.01, 0.06] (for the other models,  $\beta \approx 0.21$ ).

Participants differed in their first threshold and slope parameters estimated by the LTM. However, all slope parameters are larger than 0 indicating that all participants increased the thresholds over the sequence (see also SI Appendix, Text C).

These results suggest that humans use a linear threshold when searching for the best option. In the present tests we found that the human performance is only 6% off from the performance of an optimal agent, indicating that the linear strategy performs quite well. Therefore, using linear thresholds could be an ecologically sensible adaptation to sequential choice tasks. However, it could also mean that the LTMs good performance might not generalize to new task environments, in which the linear model performs less well – an ability that would be crucial for the LTM to be a useful model of human behavior.

Search behavior in Experiment 1 indicated that people deviate from the optimal model depending on the price structure of the sequence: In trials with good options in the beginning people tended to accept them too early. However, in trials with few or no good options they continued search longer than the optimal model prescribed (SI Appendix, Fig. S5). Accordingly, in tasks with plenty of good options people might search less than optimal. However, in tasks in which good options are rare they might be tempted to search too long.

To find out and further predict how people will adapt to the tasks, we conducted a simulation study comparing the optimal solution with a best performing linear model (using a grid search to find the best performing parameter values for the linear model) and an empirical study manipulating the distributions of ticket prices across three conditions: (1) a left skewed distribution simulating a scarce environment, (2) a normal distribution, (3) a right skewed distribution simulating an environment with plentiful desirable alternatives. As illustrated in SI Appendix, Fig. S6B, the simulation study showed that the optimal model predicts more search in a plentiful environment, whereas

a linear model predicts more search in the scarce environment. Furthermore, the linear model predicts a stronger decline in performance in the scarce environment than the optimal model (SI Appendix, Fig. S6A).

## Experiment 2

To show that the LTM can capture people’s choice behavior across different tasks and allows us to predict when people will search too much or too little we conducted a second experiment changing the distribution of options. We manipulated the different task environments by sampling tickets from (1) a left skewed (PERT<sup>1</sup>(40,195,200)), (2) a normal (PERT(90,140,190)) or (3) a right skewed distribution (PERT(120,125,400)), representing a scarce, a normal and a plentiful environment, respectively (SI Appendix, Fig. S1B-D, red lines). Each participant was assigned to only one condition. The final sample included 172 participants. The procedure was identical to Experiment 1, consisting of a learning phase, where participants got acquainted with the distribution (SI Appendix, Fig. S1B-D, participant’s estimate in black lines), and a testing phase. In the testing phase, participants had to choose the lowest-priced ticket out of a sequence of 10 tickets with 200 trials (*Material and Methods*).

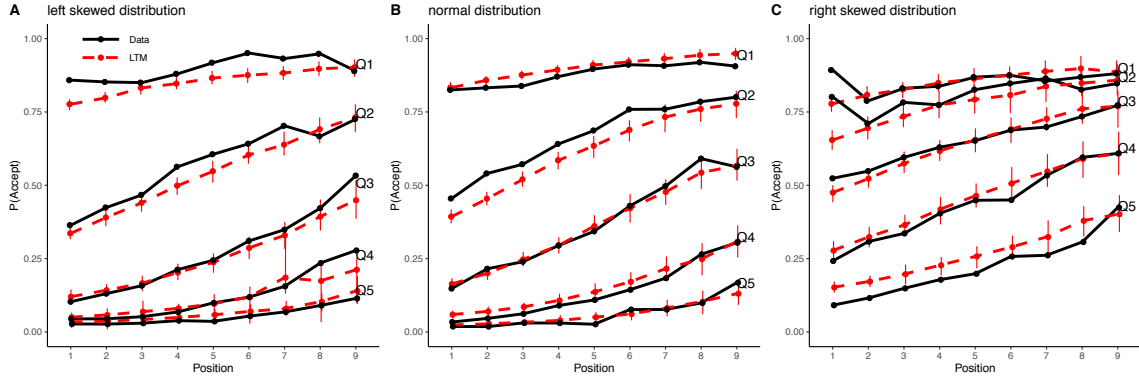
## Behavioral results

Participants’ performance increased from the left-skewed (scarce) environment to the right-skewed (plentiful) environment ( $F(2, 268) = 114, p < .0001$ ). As predicted by the best performing linear model, the loss compared to optimal performance was largest in the left-skewed condition, where only few good tickets occur (SI Appendix, Fig. S6A).

The average search length decreased from the left skewed scarce environment to the right skewed plentiful environment,  $F(2, 268) = 11.5, p < .0001$ . This pattern also follows the predictions of the best performing linear model in the simulation study but is in contrast to the optimal model’s predictions (SI Appendix, Fig. S6B). Specifically,

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<sup>1</sup> The PERT distribution is a special case of the beta distribution defined by the minimum (a), most likely (b) and maximum (c) values that a variable can take and an additional assumption that its expected value is  $\mu = \frac{a + 4b + c}{6}$ .



*Figure 2.* Results of experiment 2: Empirical data appear in black lines and the posterior predictive means of the LTM in red lines. Bars represent the 95% HDI. The different lines represent the tickets ranging in from the Q1 to Q5. Q1: Tickets in first quantile, Q2: Tickets between the first and second quantile etc. (A) Condition 1: Tickets are left skewed distributed (PERT(40,195,200)) corresponding to a scare environment. (B) Condition 2: Tickets are normally distributed (PERT(90,140,190)). (C) Condition 3: Tickets are right skewed distributed (PERT(120,125,400)) corresponding to a plentiful environment.

in the left skewed environment, where good tickets occur very rarely participants searched too long compared to an optimal agent, whereas in the environment where good tickets are abundant, participants ended their search too early compared to the optimal strategy.

## Modeling Results and Discussion

Modeling results replicate the results from Experiment 1 and indicate that the LTM but not the BOM performed extremely well ( $p_{pp} < .05$  for 7% to 10% of participants across the three conditions for LTM, but  $p_{pp} < .05$  for 20% to 55% of participants for BOM, SI Appendix, Fig. S7). The observed accept probabilities (Fig. 2A-C, black lines, where each line represents a ticket price within the specified quantile range) are adequately described by LTM predictions (red lines) on almost all positions and in all three environments. Moreover, the threshold parameters for the ITM are again on top of the threshold parameters estimated by the LTM in all the three environmental conditions (SI Appendix, Fig. S8A-C).

These results indicate that humans use a linear threshold in optimal stopping problems, independent of the distributional characters of the task. However, this does not mean that people do not adapt to the task at all. Participants are responsive to

task features and adapt their first threshold and the slope to the distributional characteristics of the task within the constraints of the linear model (SI Appendix, Fig. S8A-C).

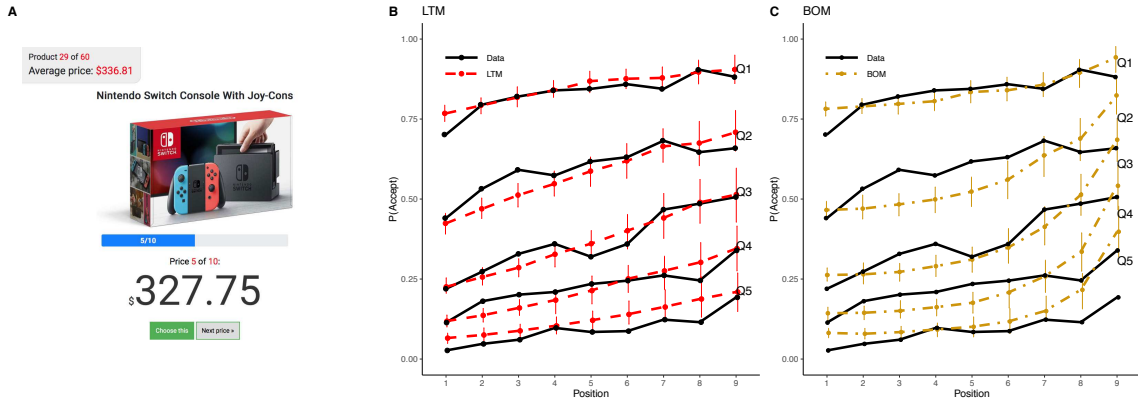
Experiment 1 and 2 show that the linear model reflects a robust psychological process when deciding between sequentially presented options. However, in both experiments deciders were explicitly trained on the distribution of options, something not common in real life decision making. The next experiment tests if the linear strategy can also explain choices in a realistic optimal stopping task where initial learning is omitted.

### **Experiment 3**

The decision maker’s goal is to buy online products at the lowest rate where prices for this product are presented sequentially. We selected commodity products from different categories (e.g food, leisure, kitchen tools) and collected for each product a set of prices from Amazon.com. Only products with approximately normal price distributions were selected for a final set of 60 products (SI Appendix, Table S1). In the experiment, prices were sampled from a normal distribution, with a mean and standard deviation estimated from the real prices. All participants worked on 120 trials, divided into two blocks of 60 trials. In these two blocks, the 60 products were displayed in a random order (each product was encountered twice). Participants were aware that they could see up to 10 prices in each trial, and we indicated the average price of each product on the screen to reflect that people often have an idea of familiar products’ prizes and to minimize individual differences in these.

### **Behavioral Results**

Data from 95 participants were analyzed and replicated the results from Experiments 1 and 2 (normal distribution condition). Again, participants accepted too early, on average at position 4.6 (SD: 2.9). Comparing the performance in detail to the optimal strategy showed that (SI Appendix, Fig. S9) participants accepted too frequently at the beginning of the sequence (i.e., too low threshold) and searched too



*Figure 3.* (A) Screenshot of the product purchasing task. (B and C) Results of experiment 3: (B) Empirical data appear in solid black lines and the posterior predictive means of the LTM in dashed red lines. (C) Empirical data appear in solid black lines and the posterior predictive means of the BOM in dashed yellow lines. Bars represent the 95% HDI. The different lines represent the product prices ranging from the first quantile to the fifth quantile. Q1: Product prices in first quantile, Q2: Product prices between the first and second quantile, Q3: Product prices ranging from second to third quantile, etc.

long towards the end of the sequence (i.e., too high threshold). We again found no evidence for learning across trials (linear mixed model on points per trial with trial number as fixed effect and by-participant random intercepts and random slopes for trial number showed no significant effect of trial number  $F(1, 94) = 0.13, p = 0.72$ ).

## Modeling Results

To deal with the prices' variability we normalized all values using mean and SD prior to fitting our models. We could replicate the results from Experiment 1 and 2, despite the fact that participants did not explicitly learn the product's prices beforehand: The LTM (10% of  $p_{pp} < .05$ , SI Appendix, Fig. S10A), but not the BOM (31% of  $p_{pp} < .05$ , SI Appendix, Fig. S10C), was able to capture the observed accept probabilities accurately on each position and for each quantile (Fig. 3B&C). Furthermore, threshold parameters estimated by the LTM were very similar to threshold parameters estimated by the ITM (SI Appendix, Fig. S11).

## Discussion

In this paper, we designed a variant of an optimal stopping task that allowed us to quantitatively characterize the deviations of human behaviour from optimality. We

found that humans apply a simplifying strategy, where thresholds are linearly increased over time. We implemented this assumption in a computational framework and demonstrated that this model not only provided an excellent fit to the data, it also outperformed other models found in the optimal stopping literature. Furthermore, the linear threshold assumption makes a non-trivial prediction about search length, which we confirmed experimentally: Humans stop earlier in environments with many desirable alternatives compared to scarce environments. These results contrast with the prediction from the optimal model. Finally, in a online product purchase paradigm we could show that our model generalizes to real-world sequential choice problems. Understanding how humans make sequential decisions will help quantify the conditions under which people may succeed or fail in such tasks.

But why are humans relying on a linear strategy in adapting their thresholds when an optimal policy is nonlinear? For one, our findings correspond well with recent studies demonstrating that human choice behavior in related explore-exploit paradigms is well described by a linear threshold rule (Sang et al., 2020; Song et al., 2019). But a human linearity bias seems to be more general. Indeed, a tendency to assume linear relationships has been reported in a range of domains such as function learning (Kalish et al., 2007; Lucas et al., 2015) and reasoning (Little & Shiffrin, 2009; Stango & Yinman, 2009; Wagenaar & Sagaria, 1975). Crucially, simple strategies do not necessarily perform badly. In particular in uncertain and complex environments, simple heuristics can be efficient and powerful tools if they are adapted to the structure of the environment (Gigerenzer & Brighton, 2009; Todd, 2001). In this context, linearity could be considered as an adaptation of the human mind to its environment.

## Material and Methods

**Participants.** We recruited 438 participants (272 females; age range: 18-62;  $N_1 = 144$ ,  $N_{2_{\text{left}}} = 92$ ,  $N_{2_{\text{normal}}} = 110$ ,  $N_{2_{\text{right}}} = 92$ ,  $N_3 = 100$  in Experiments 1, 2 and 3, respectively) on Amazon Mechanical Turk to participate in the experiments. Participants gave informed consent, and the Harvard Committee on the Use of Human



Subjects approved the experiments. Participants were excluded from analysis if they accepted the first option in a trial in more than 95% of the trials. After applying these criteria, we included data from 499 participants in the subsequent analysis

( $N_1 = 129, N_{2\text{left}} = 86, N_{2\text{normal}} = 102, N_{2\text{right}} = 84, N_3 = 95$ ).

**Task.** In Exp. 1 and 2, participants performed the same online ticket shopping task that consisted of a learning and a testing phase. In the learning phase, participants experienced the distribution from which the ticket prices were drawn. In Exp. 1, the distribution from which the values were sampled was normal with  $\mathcal{N}(\mu = 180, \sigma = 20)$ . The procedure was as follows (SI Appendix, Fig. S2A-D): Participants encountered sequentially 50 ticket prices drawn from the predefined distribution. After every ten tickets, participants had to guess the average value of the tickets seen so far. After each guess, participants were told the correct response. At the end of the learning phase participants were asked to complete a histogram (by dragging the bars) for an additional 100 tickets that were drawn from the same predefined distribution. Participants received feedback by observing the correct distribution superimposed over their estimate (Goldstein & Rothschild, 2014).

In Exp. 2, we used three conditions to realize three different distributional environments, a left skewed distribution,  $\text{PERT}(40, 195, 200)$ , a normal distribution,  $\text{PERT}(90, 140, 190)$ , and a right skewed distribution,  $\text{PERT}(120, 125, 400)$ . The procedure of the learning phase was identical to Exp. 1, except that we removed the section about reporting the mean for the skewed distributions (SI Appendix, Fig. S2B). Visual inspection of the performance in the histogram task suggested that participants learned the target distributions well (SI Appendix, Fig. S1).

In the second phase of Exp. 1 and 2, participants performed the ticket-shopping task. It started with a practice trial followed by 200 test trials. In each trial participants searched through a sequence of 10 ticket prices randomly drawn from the predefined distribution. For each ticket, they could decide to accept or reject it at their own speed. People were aware that they could see up to 10 tickets in each trial and they were always informed about the actual position and the number of remaining

tickets (SI Appendix, Fig. S2E). It was not possible to go back to an earlier option after it was initially declined. If they reached the last (10<sup>th</sup>) ticket they were forced to accept this ticket. When participants accepted the ticket, they received explicit feedback about how much they could have saved by choosing the lowest-priced ticket in the sequence (SI Appendix, Fig. S2F).

Participants were paid according to their performance. In each of the 200 trials there was a maximum of 20 points to earn. The participants received the maximum number of 20 points if they chose the lowest-priced ticket and 0 points for the worst ticket in the sequence. The payoff for a ticket that lied between the lowest-priced and the highest-priced was calculated proportional to the distance to the lowest-priced ticket in the sequence. The exact calculation for the points in each trial  $i$  was as follows:

$$points_i = \frac{20 \cdot (ticket_{max} - ticket_{chosen})}{ticket_{max} - ticket_{min}}, \quad (4)$$

where  $ticket_{max}$  represents the most expensive ticket in the sequence and  $ticket_{min}$  the cheapest ticket in the sequence. Participants received a base payment of \$4 and earned between \$0 and \$4 additionally depending on their performance.

In Exp. 3, participants performed an online product shopping task that started with a practice trial followed by 120 test trials divided into two blocks containing the same sixty products. In each trial, they encountered a product and searched through a sequence of ten prices. Prices were randomly drawn from a normal distribution with a mean and standard deviation estimated from realistic prices collected from Amazon.com. Participants received a base payment of \$2 and a performance contingent bonus between \$0 and \$4.

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**Data Availability**

Data and modeling scripts are available on the Open Science Framework:

<https://osf.io/wqth3/>

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1

## 2 **Supplementary Information for**

### 3 **A Linear Threshold Model for Optimal Stopping Behavior**

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#### 7 **This PDF file includes:**

8     Supplementary text

9     Figs. S1 to S14

10    Table S1

11    References for SI reference citations

## Supporting Information Text

**A. Calculation of optimal thresholds.** We describe the calculation of optimal thresholds applied to our scenario, where payoff is proportional to the chosen value and the goal is to find cheapest ticket price. We first derive the optimal solution mathematically based on the paper of Gilbert and Mosteller (1, Section 5b) and further provide a more intuitive explanation.

Let's assume a sequence of  $n$  ticket prices that are drawn from a standard normal distribution with density:

$$f(x) = \frac{1}{\sigma\sqrt{2\pi}} e^{(-\frac{1}{2} \frac{(x-\mu)^2}{\sigma^2})} \quad [1]$$

and the goal is to find the lowest ticket price in this sequence.

The *optimum strategy* for this task is:

If  $n = 1$ , the decision maker is forced to accept the ticket. The threshold on the last position ( $T_1$ ) is set to  $\infty$  and ticket prices below this threshold are accepted:

$$T_1 = \infty \quad [2]$$

Therefore the expected price of the last ticket ( $P_1$ ) is the mean ( $\mu$ ) of the distribution.

If  $n = 2$ , the decision maker decides to keep the first option or to reject it and to go on to the second one. If he goes on, his expected ticket price is  $\mu$ . Therefore he keeps the current one,  $x$ , if  $x < \mu$ , rejects it if  $x > \mu$  and is indifferent if  $x = \mu$ . Therefore, the expected price of the last ticket ( $P_1$ ) is also the threshold for the second last option:

$$T_2 = P_1 \quad [3]$$

Than for  $n = 2$ , his expected price ( $P_2$ ) is:

$$P_2 = \int_{-\infty}^{P_1} f(x) \cdot x dx + P_1 \cdot \int_{P_1}^{\infty} f(x) dx \quad [4]$$

The remaining terms of the sequence can be computed in a recursive manner. For each  $n$ , the decision maker accepts the ticket if it is lower than the expected price of the remaining  $n - 1$  tickets ( $x < P_{n-1}$ ) but rejects if the ticket is higher than the remaining expected price ( $x > P_{n-1}$ ) therefore the threshold on the  $n$ -th position ( $T_n$ ) is:

$$T_n = P_{n-1} \quad [5]$$

Accordingly the expected price ( $P_n$ ) is :

$$P_n = \int_{-\infty}^{P_{n-1}} f(x) \cdot x dx + P_{n-1} \cdot \int_{P_{n-1}}^{\infty} f(x) dx \quad [6]$$

### Intuitive explanation

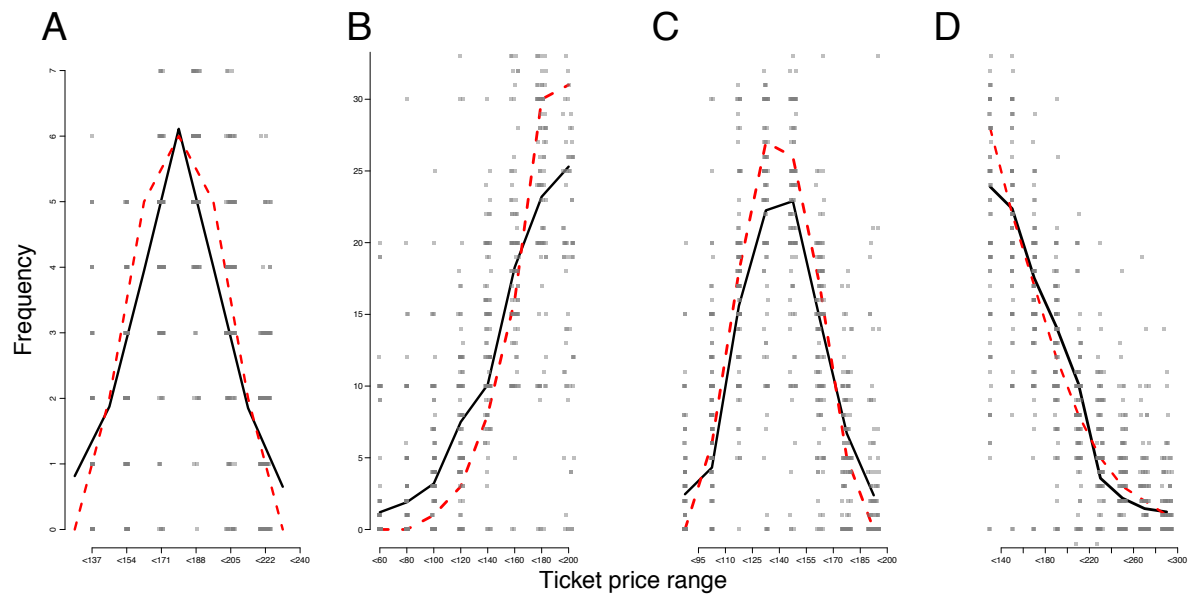
The optimal thresholds  $T_n$  for maximising the payoff is calculated working backward from the last ticket price: The threshold of the final item ( $T_1$ ) is  $\infty$ , because the rules of the task stipulate that the final item must be accepted if no earlier item has been chosen. The thresholds for the previous items are determined by working backward from the final item, using conditional expectations. First, we calculate the expected value of the final item ( $P_1$ ). For the last item, this is the expectation of the overall probability distribution from which the options are sampled. Therefore, to maximize expected reward on the second last position, one's policy should be to accept a particular option if it is better (in our case smaller) than the expected reward if one continues under the optimal policy. The second-to-last item should be accepted if its value is smaller than the expected value of the final item. This means that the threshold of the second-to-last item ( $T_2$ ) is the expected value of the last item ( $P_1$ ).

The expected value of the second-to-last item ( $P_2$ ) is the expected value of the part of the probability distribution that is better (in our case smaller) than the threshold ( $T_2$ ) for the second-to-last item. The probability of this expected value is the area under the probability distribution that is better than this threshold. The overall expected reward at the second-to-last position ( $P_2$ ) (and therefore the threshold for the third-to-last item ( $T_3$ )) is calculated as follows: we multiply the expected value for the second-to-last item with its probability plus the expected value of the last item multiplied with its probability (which is equal to 1 minus the probability of the second-to-last item). The remaining thresholds are calculated in the same way.

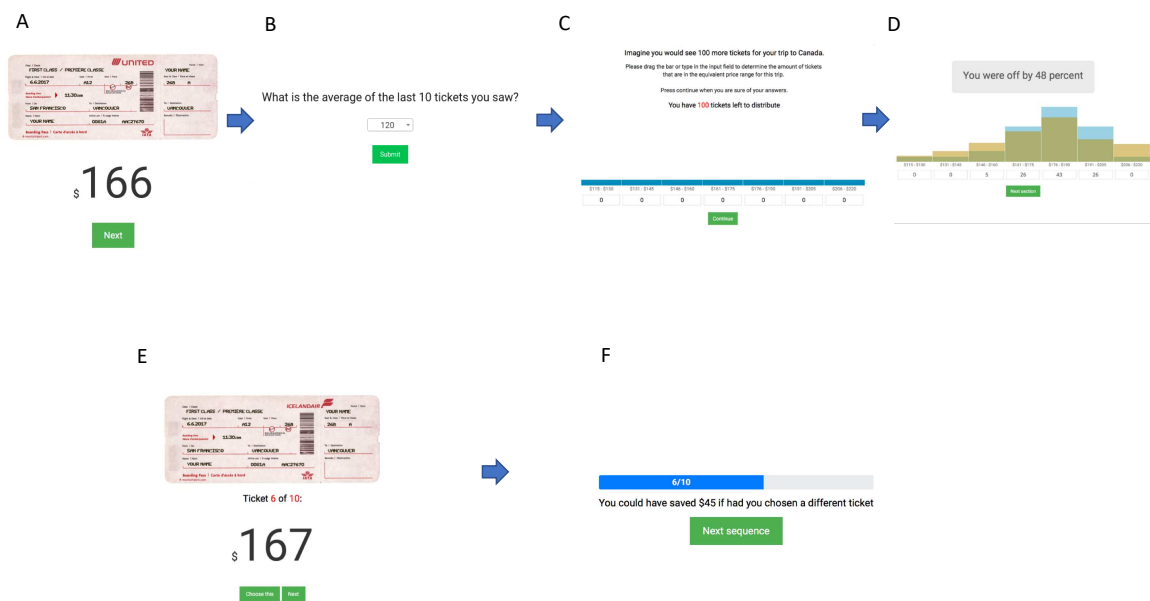
46 **B. Modelling.** Models were implemented in a *hierarchical-Bayesian statistical framework* using JAGS (2, 3). In a Bayesian  
47 framework, information regarding model parameters is represented by probability distributions. The data is used to update  
48 *prior distributions* resulting in *posterior distributions*, which were used for inference. A hierarchical implementation allows us  
49 to fit data on the individual trial-level, while simultaneously taking into account information shared across participants via  
50 group-level distributions. Results reported in the main manuscript are based on the group-level posterior distributions, unless  
51 noted otherwise.

52 Fitting involved running four independent chains, each with 2000 samples drawn from the posterior distribution, with a  
53 burn-in period of 100 samples. Chain convergence was monitored via the calculation of Gelman-Rubin statistics on the four  
54 chains, autocorrelation plots, and visual inspection of the chains.

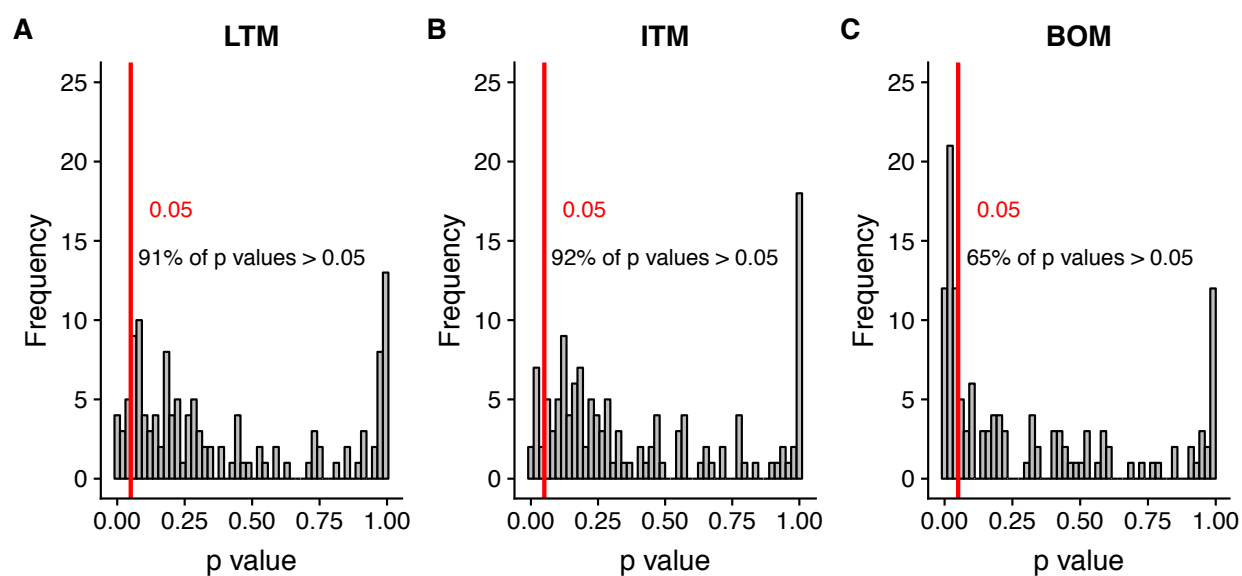




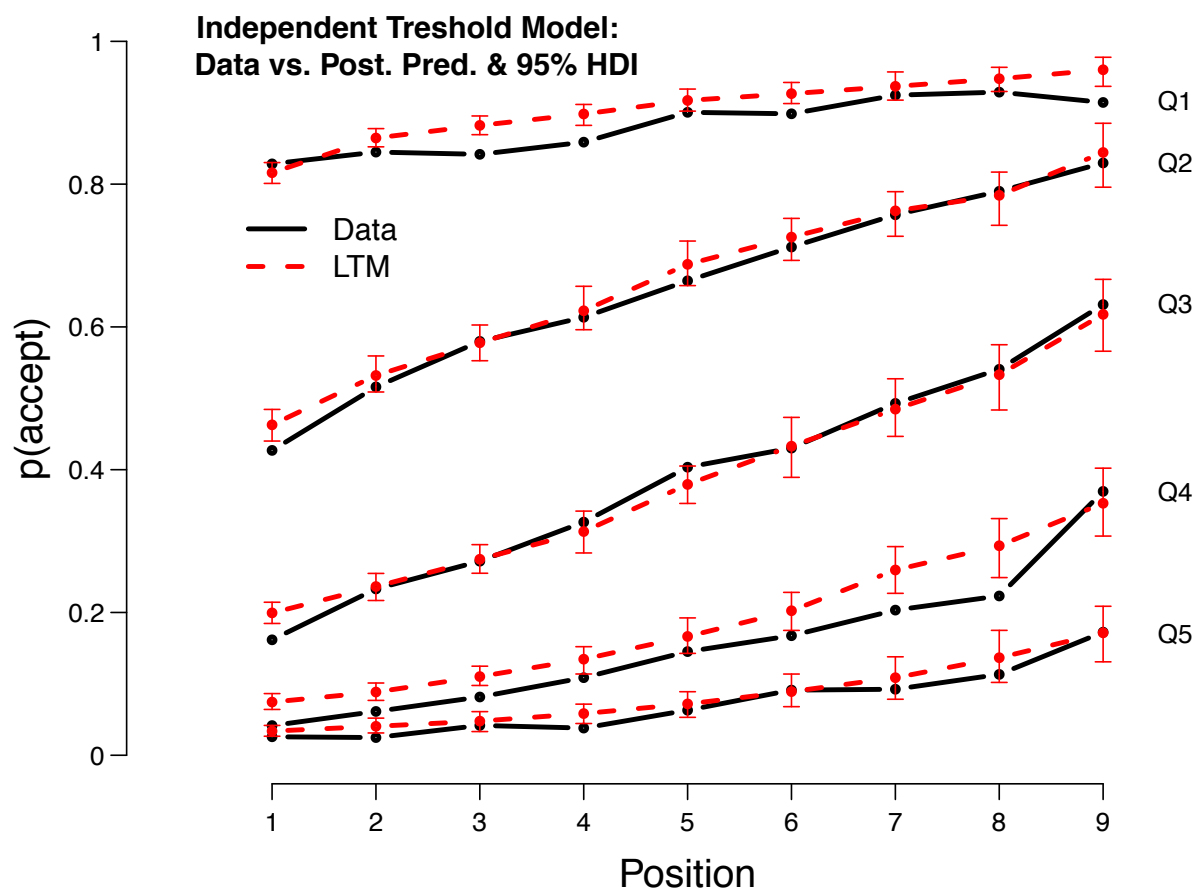
**Fig. S1.** A-D: Results of the distribution learning phase: Participants' aggregated responses in the histogram task (details in *Methods*). Empirical data appear in black lines and the predefined distribution in red dashed lines and generally show good agreement. A: Experiment 1: Predefined distribution is a normal distribution, B-D: Experiment 2. B: Condition 1: Predefined distribution is a left skewed distribution. C: Condition 2: Predefined distribution is a normal distribution. D: Condition 3: Predefined distribution is a right skewed distribution.



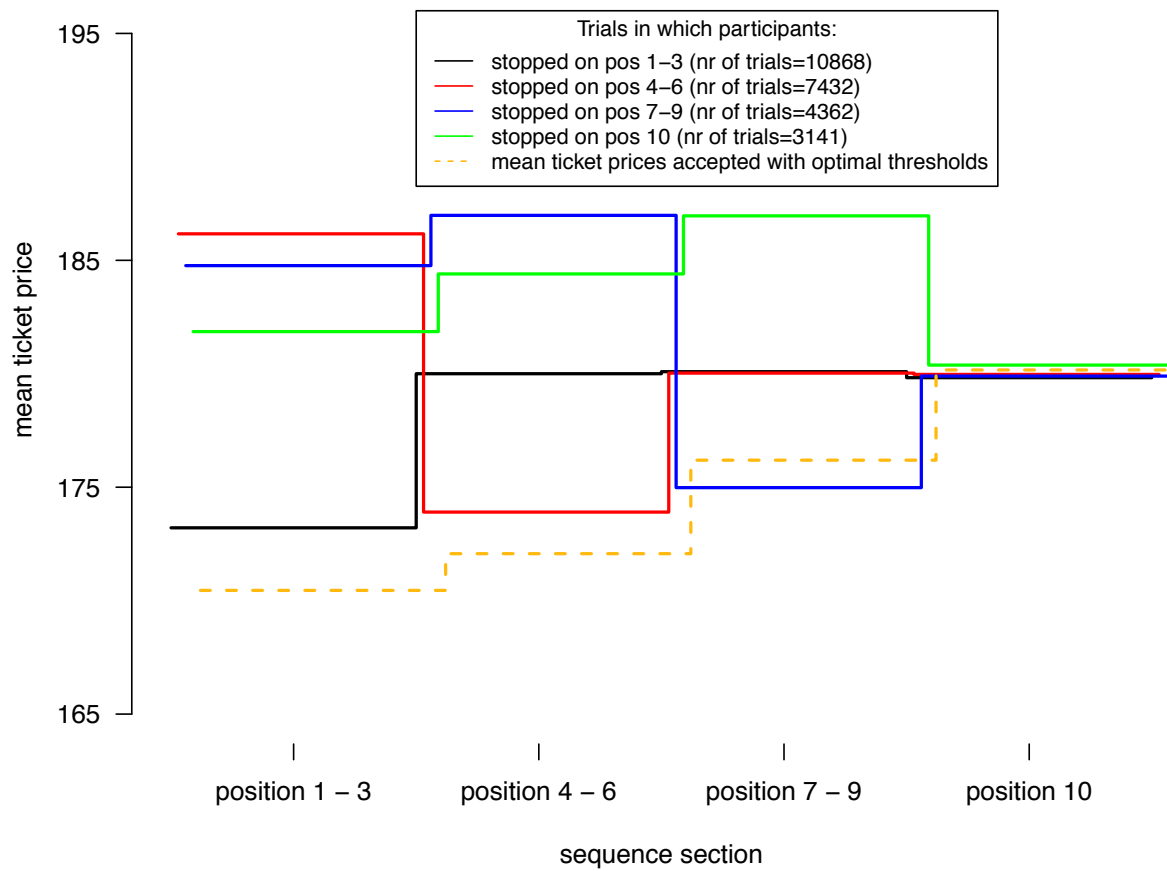
**Fig. S2.** A-F: Screen shots of online experiment. A-D: learning phase, E-F: testing phase. A: Sequential presentation of ticket values sampled from predefined distribution. B: After each 10 tickets, participants are asked to estimate the average of the tickets just seen. C: At the end of the learning phase, participants have to predict how a future sample from the same predefined population might look, where they essentially had to draw a histogram using this interface. D: Feedback was provided by superimposing the correct distribution over their estimate. E: Testing phase: In every trial participants encounter ten tickets sequentially and have to decide to accept it or to continue. Each ticket indicates the ticket's actual position in the sequence. F: Feedback was provided about how much they could have saved if they had chosen the cheapest ticket in the sequence.



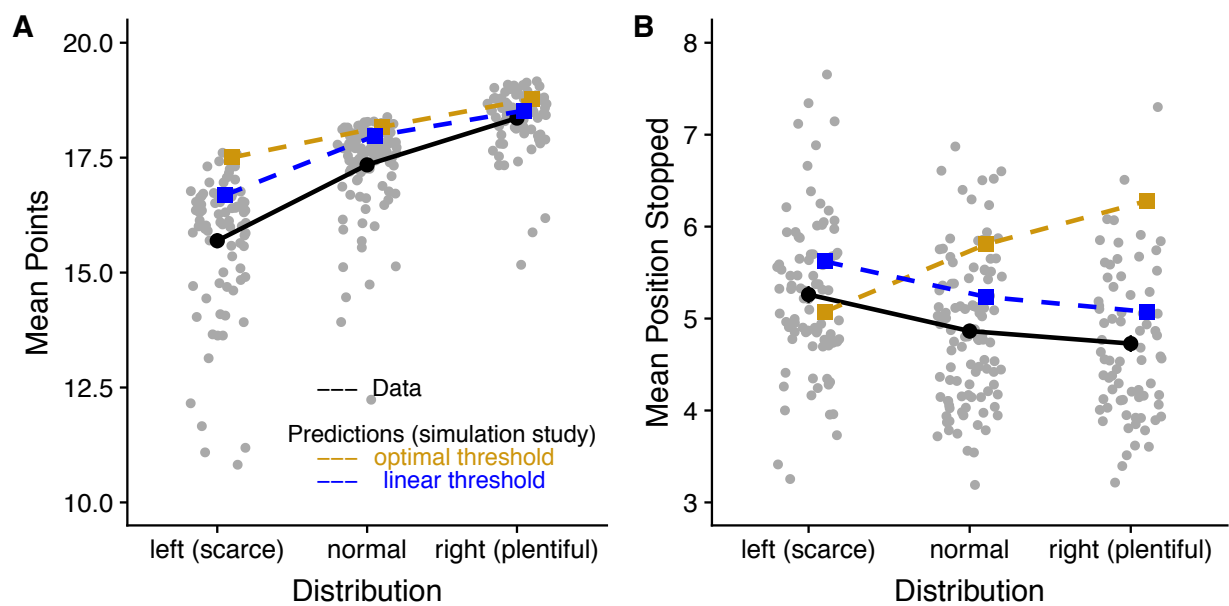
**Fig. S3.** Results of experiment 1: Individual posterior predictive p values for the LTM (A) the ITM (B) and the BOM (C) for each individual.



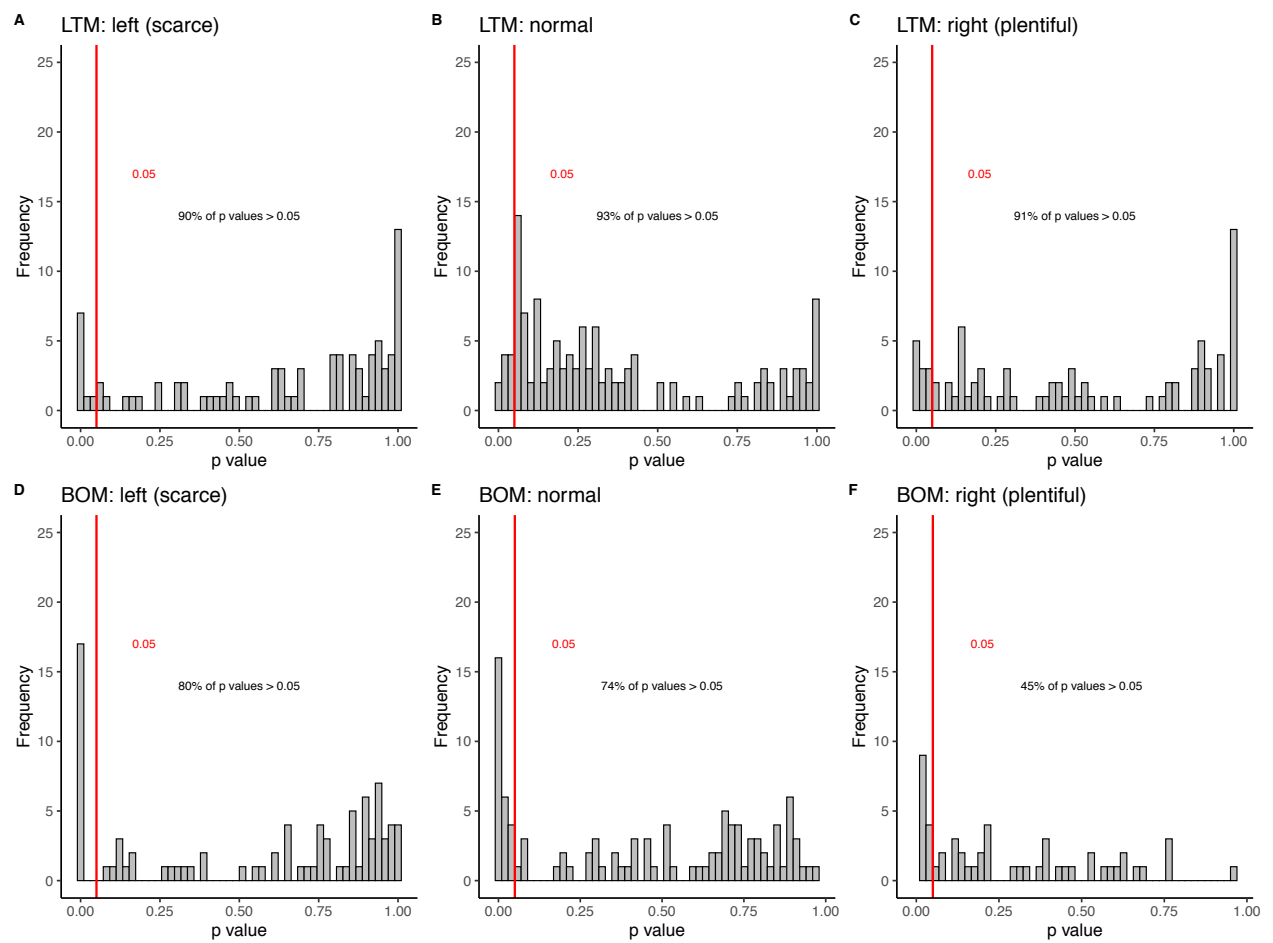
**Fig. S4.** Results of experiment 1. Empirical data appear in black lines and the posterior predictive means of the ITM in red dashed lines. Bars represent the 95% HDI. The different lines represent the tickets ranging in from the first quantile to the fifth quantile, from a total of ten quantiles. Q1: Ticket prices ranging in first quantile, Q2: Ticket prices ranging between the first and second quantile etc.



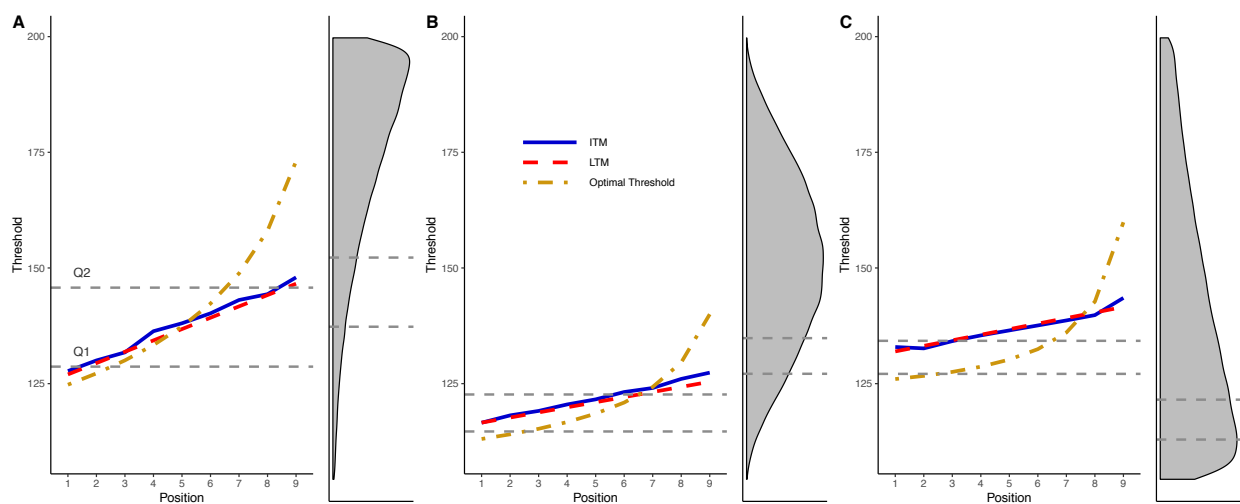
**Fig. S5.** Illustration of the structure of prices for trials in which participants either accepted in the beginning (black line), in the middle (red line) or at the end of the sequence (blue line). Price structure in trials in which participants reached the last position are shown in green. The sequences of 10 ticket prices each for the 200 trials were generated and stored in the beginning of the experiment, ensuring that we could analyse all prices in each sequence, regardless of the stopping position of the participants. The yellow dashed line shows the mean of the accepted ticket prices when using the optimal threshold in each of the respective section. The black line shows the price structure of trials that were accepted in the beginning of the sequence, indicating that sequences that included low prices in the beginning were more likely to be accepted than the optimal threshold would prescribe (black line vs yellow line). However the blue line shows the price structure of trials that were accepted in the later part of the sequence, indicating higher prices on position 1 - 6. In these trials, participants continued search longer than the optimal model prescribed (participant's mean accepted ticket price is lower than the the optimal threshold's mean accepted ticket price, blue line vs yellow line)



**Fig. S6.** (A) Average performance (in points/trial) vs distributional structure of the task. Data: black line (grey dots: individual data points), performance when using optimal thresholds: yellow line, performance when using best performing linear thresholds: blue line. (B) Average search length vs distributional structure. Data: black line, individual data points: grey dots, optimal thresholds: yellow line, best-performing linear thresholds: blue line. Note that model predictions are based solely on distributional characteristics of the environments and not on model fit on human data.

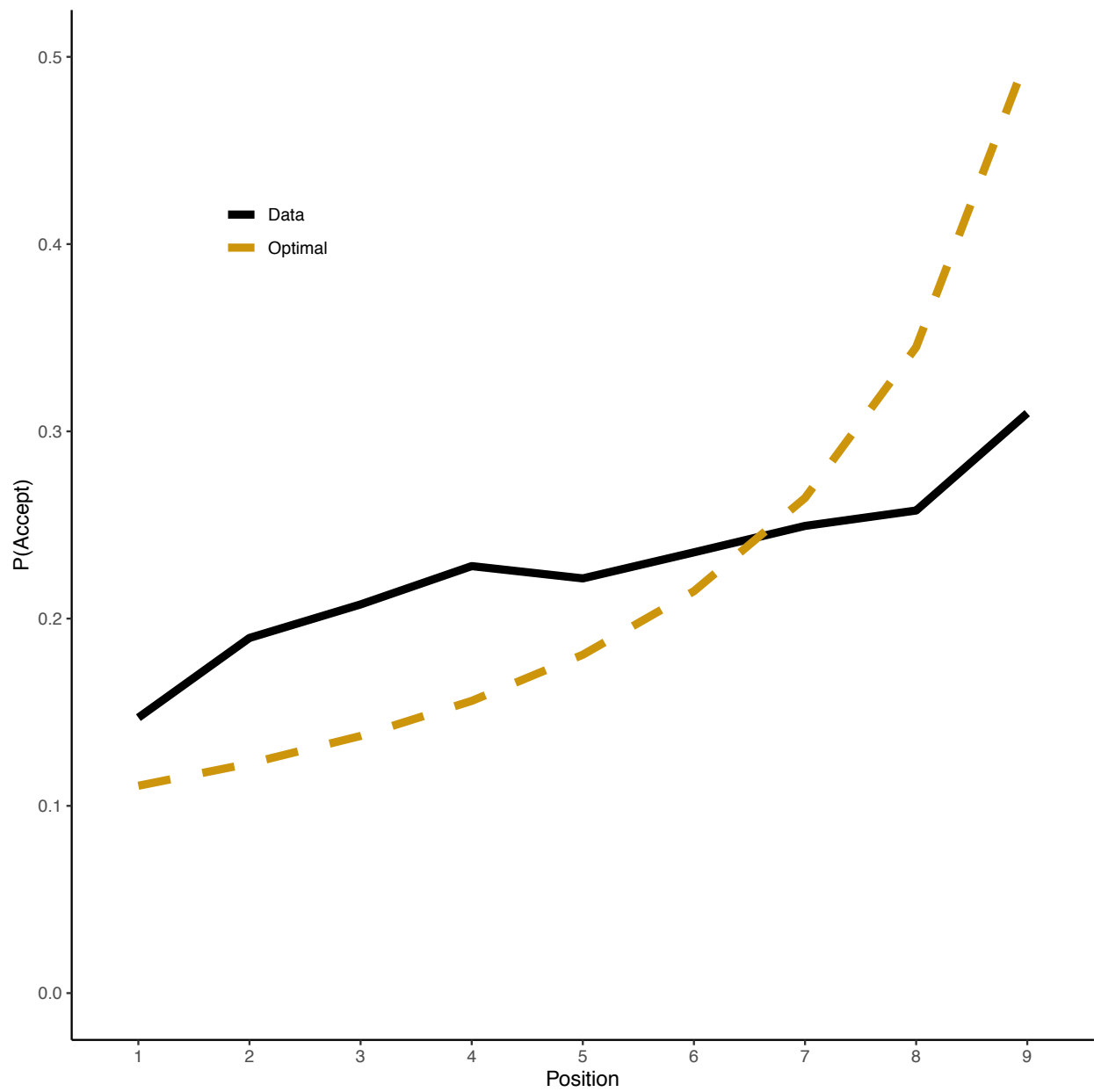


**Fig. S7.** Individual posterior predictive p values for the LTM (A-C) and for the BOM (D-F) for each condition and each individual. A and D: Condition 1, scarce environment; B and E: Condition 2; C and F: Condition 3, plentiful environment

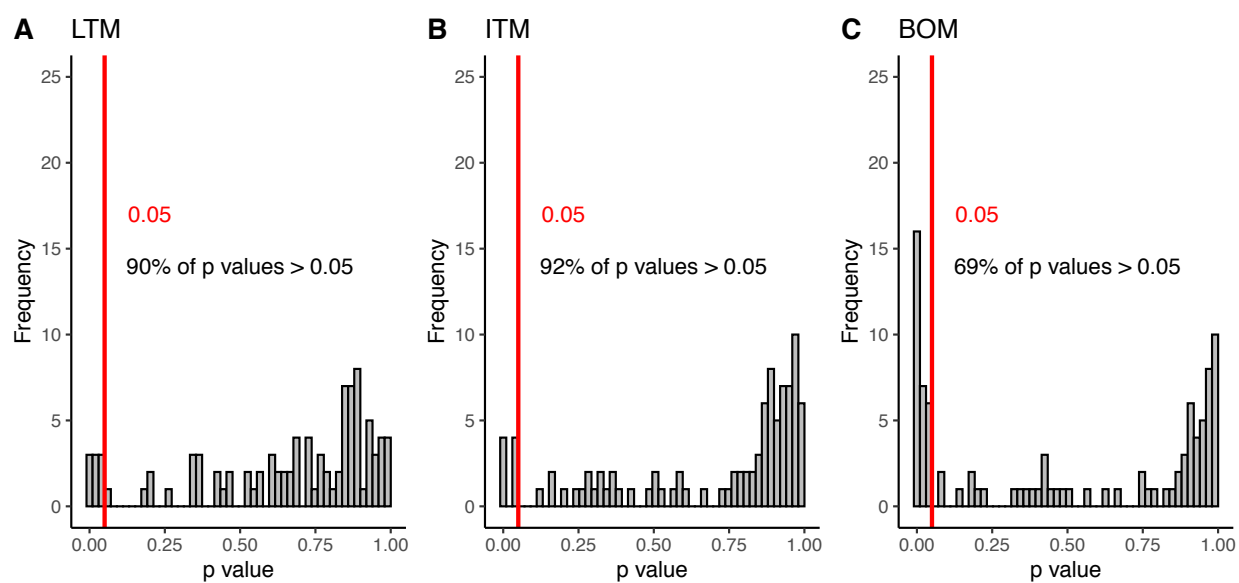


**Fig. S8.** Experiment 2: (A) Left skewed distribution (B) Normal distribution (C) Right skewed distribution. Estimated threshold parameters from the ITM (solid blue line) and the LTM (dashed red line). The optimal threshold (no model fit) is shown as yellow dotted dashed line. The grey dashed horizontal lines indicate the first (Q1) and second (Q2) quantile of the respective distribution.

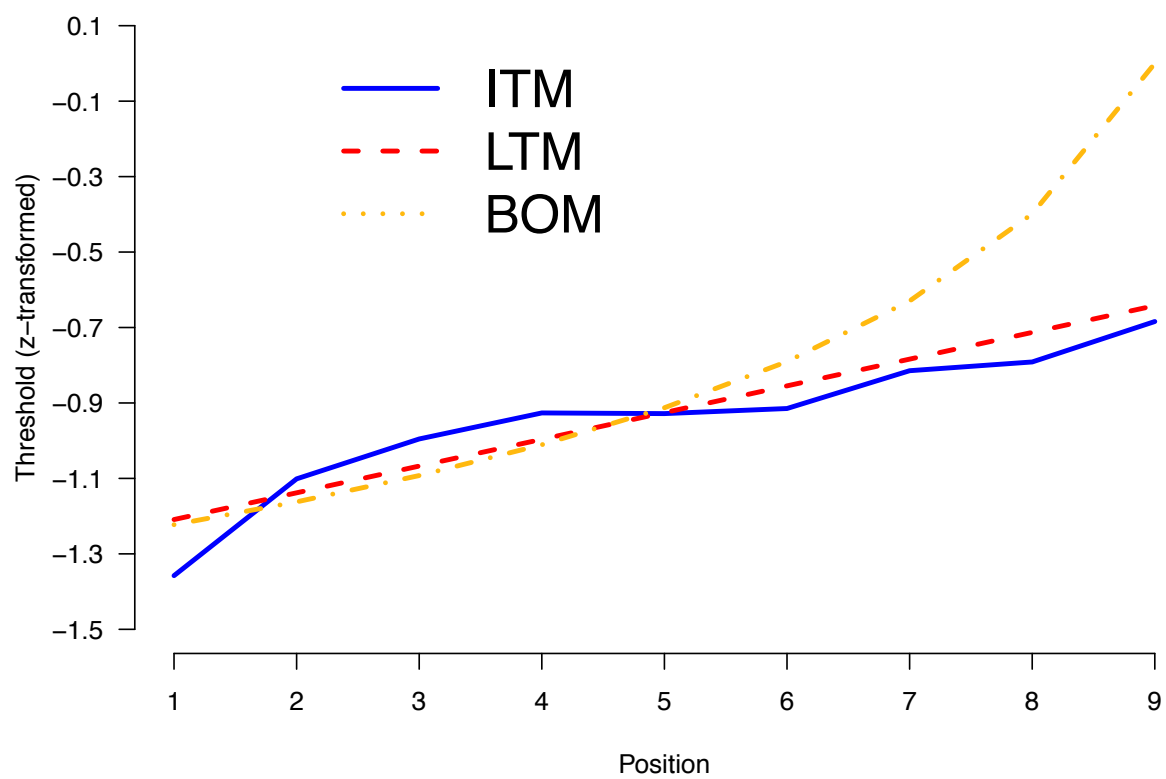




**Fig. S9.** Experiment 3 (realistic products): Probability to accept a product price depending on the position across all prices. The dark line represents participant's frequency to accept, the dashed yellow line the optimal agent's probability to accept.



**Fig. S10.** Results of experiment 3. Individual posterior predictive p values for the LTM (A) the ITM (B) and the BOM (C) for each individual.



**Fig. S11.** Experiment 3: Estimated thresholds for the ITM with 9 free threshold parameters (solid blue line), the LTM with 2 free threshold parameters (dashed red line) and the BOM with 2 free threshold parameters (dash-dotted yellow line). Product prices differed for each product, in order to make them comparable we transformed them to z-scores and calculated the thresholds a the z-scale.

**Table S1. Products with mean and standard deviation of prices**

Product	mean	sd
1. Philips Electric Toothbrush	62.5	3.3
2. Nintendo Switch Console With Joy-Cons	330.	26.1
3. Nintendo Switch Pro Controller	83.5	11.6
4. Adidas Men's Stan Smith Shoes	91.1	8.5
5. Hardcover Lord of the Rings Boxed Set	53.9	7.3
6. JBL Flip 4 Portable Speaker	87.7	9.7
7. Game of Thrones: The Complete Sixth Season	32	6.1
8. GoPro Waterproof Digital Action Camera	311.	50.4
9. Crocs Adult Unisex	37.6	2.8
10. Ray-Ban Men's Wayfarer Sunglasses	147.	13.8
11. Fjallraven Kanken Backpack	83.9	8.5
12. Nespresso Inissia Espresso Machine	146.	11.5
13. Monster Energy Drink, Zero Ultra - 24 pack	36.4	1.1
14. Black+Decker Rice Cooker and Food Steamer	34.3	6.7
15. Dyson V7 Trigger Cord-Free Handheld Vacuum Cleaner	242.	34.8
16. HP 952 Cyan, Magenta Ink Cartridges, 3 Cartridges	69.6	3.8
17. Maglite LED 3-Cell D Flashlight	35	2
18. Bosch GSR18V-190B22 18-Volt 1/2 Cordless Drill/Driver Kit	128.	16.2
19. Disney Pixar Toy Story Ultimate Walking Buzz Lightyear	43.9	8.2
20. TheraBand 23025 55 cm Pro-Series Exercise Ball Slow Red	36.4	7.6
21. Nikon 8252 ACULON A211 10-22x50 Zoom Binocular	169.	13
22. Howard Leight by Honeywell Impact Sport Sound Amplification Electronic Shooting Earmuff	66	8.7
23. STIGA Pro Carbon Performance-Level Table Tennis Racket	76.3	13.4
24. Winmau Blade 5 Bristle Dartboard	79.4	6.5
25. Coleman Sundome 4-Person Dome Tent	79.5	14.2
26. Coleman Camping Chair	31.5	5.8
27. Fuzion X-3 Pro Scooter (2018 Gold)	96.9	15.7
28. Roller Derby Women's V-Tech 500 Button Adjustable Inline, Mint	48.4	3.2
29. Quality Suites Orlando Lake Buena Vista - Orlando, 4.6 miles to Walt Disney World Resort – 7 nights	95.4	12
30. NBA – Ticket - LOS ANGELES LAKERS VS GOLDEN STATE WARRIORS - Staples Center - Los Angeles, United States	122.	11.7
31. Hardcover Novel: Where The Crawdads Sing	21.3	3.6
32. Apple EarPods with Lightning Connector	19.1	2.4
33. BIC Soleil Women's Disposable Razor	9.7	2.1
34. Listerine Total Care	14.1	3.8
35. Harry Potter and The Sorcerer's Stone (Hardcover)	25.3	5.2
36. Queen: The Platinum Collection	22.4	7
37. Fujifilm INSTAX Mini 2 Packs	16	1.7
38. Haribo Gummi Candy, 5 Pound Bag	15.3	0.9
39. Duracell Alkaline Batteries AA, 48 Count	24.1	4.3
40. Charmin Ultra Soft 2 - 12 rolls	24.3	3.1
41. Twister	20.5	2.3
42. La Roche-Posay Anthelios Ultra Light Sunscreen Fluid, SPF 60 - 1.7 fl oz bottle	28.7	3.9
43. Vitafusion MultiVites Gummy Vitamins for Adults, Assorted - 150 count	12.1	2.9
44. Extra Strength Bayer Aspirin 500mg Coated Tablets, 100ct	12.5	0.9
45. Quest Nutrition Quest Bar, Chocolate Chip Cookie Dough - 12 bars, 2.12 oz each	26.6	2.3
46. Barbie Dreamtopia Mermaid Doll 3	16.3	4.2
47. Monopoly Board Game	18.5	2.9
48. CamelBak Eddy Water Bottle, Dragonfruit, 0.75 L	12.8	2.3
49. Bear Grylls Fire Starter Gerber	17.9	3.9
50. Victorinox Swiss Army Classic SD Pocket Knife	16.9	2.4
51. Wilson NFL Super Grip Official Football	30.4	5
52. Biofreeze Professional Pain Relieving 360 Spray 4 oz	14.3	2.9
53. Bell Sports Bicycle Combination Cable Lock 5' Watchdog 100, Black	11.2	2.5
54. Frogg Toggs FTP1714-12 Action Poncho	14.4	1.9
55. Speedo Vanquisher 2.0 Mirrored Goggle Silver	20.5	3.9
56. Intex Unicorn Inflatable Ride on Pool Float	20.6	6.2
57. Rain-X 5079280-2 Latitude 2-in-1 Water Repellency Wiper Blade - 24-inches	23.8	3.3
58. The Easy 5-Ingredient Ketogenic Diet Cookbook	12.8	1.9
59. Speck Apple iPhone XR Presidio Case	30.1	2.4
60. RoomMates Lisa Audit Butterfly Quote Peel and Stick Wall Decals	17.9	4.9

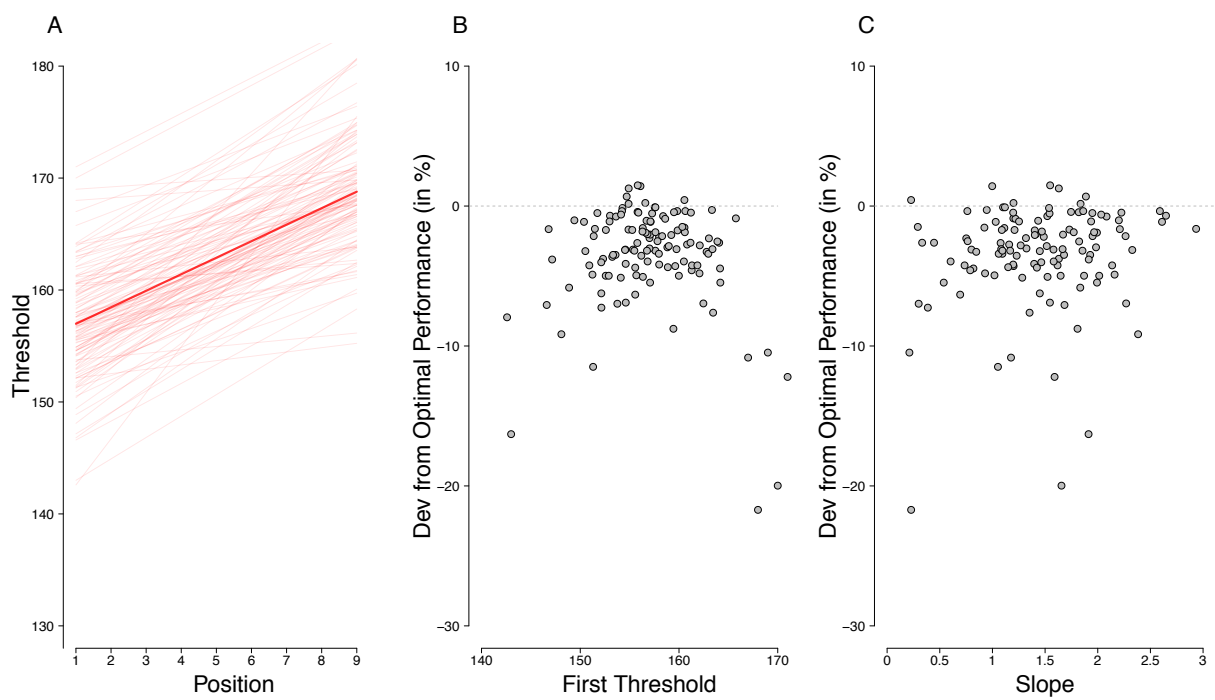
Products and their mean price and standard deviation.

### C. Individual differences.

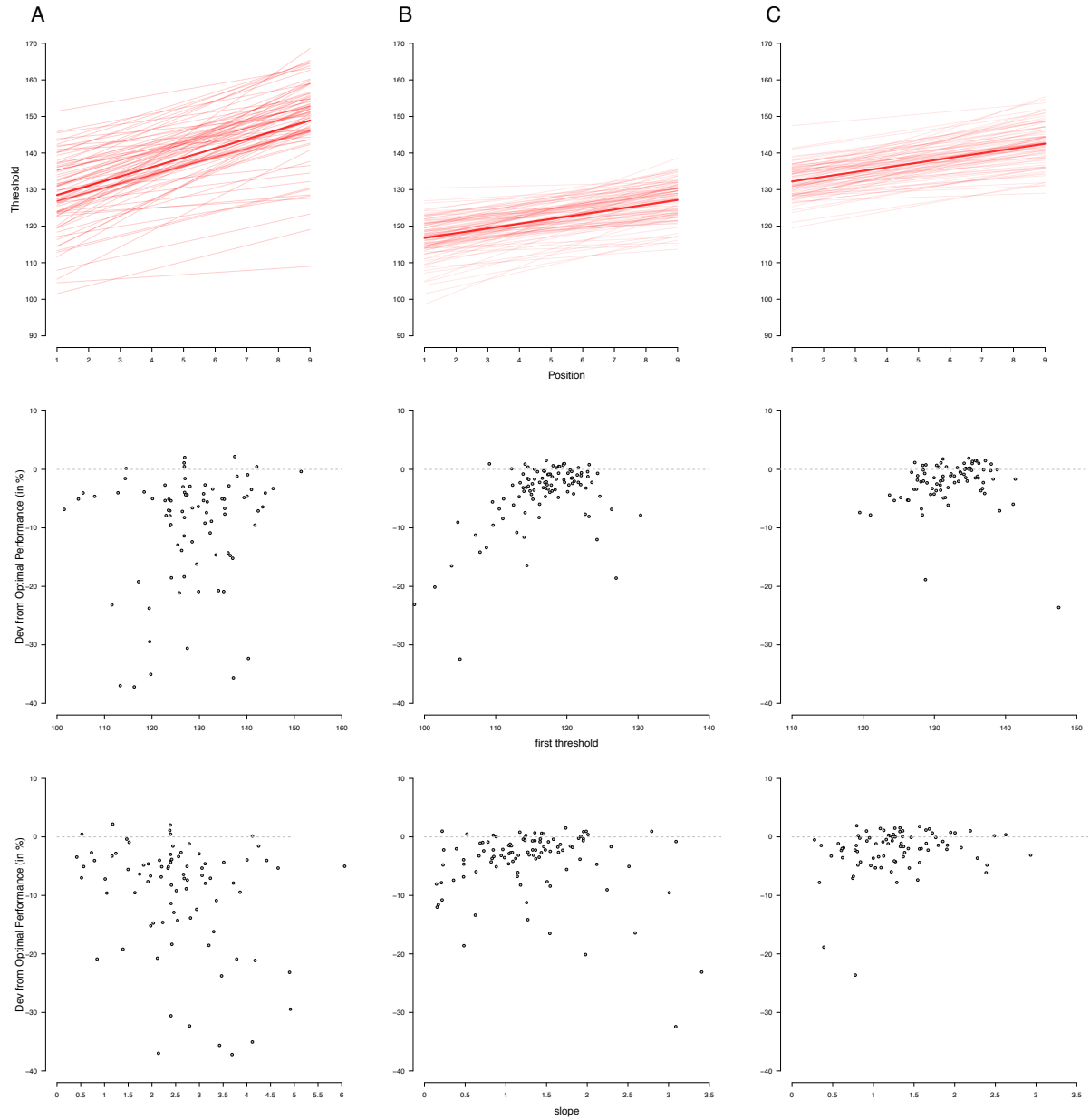
**C.1. Experiment 1.** Figure S12 A shows the posterior individual-level threshold parameters (semi-transparent red lines) and posterior group-level threshold parameters (solid red line) of the Linear Threshold Model (LTM). Participants differ in both their first threshold parameter (95% range between 144 and 168) and their slope parameters (95% between 0.3 and 2.6) but they all show the same general pattern (i.e., all participants' slope parameters are positive). Panels B and C show the individual threshold and slope parameters with respect to performance of the optimal policy: The x axis represent the parameter values and the y axis represents the percentage difference in performance from optimality, where negative numbers indicate performance that is worse than optimal. We see that there is an inverse u-shaped relationship between the first threshold and difference in performance from the optimal policy (i.e., performance for participants with a first threshold near the mean show almost optimal performance but participants with first thresholds further away from the mean in either direction do not do so), but no relationship between the slope and difference in performance from the optimal policy.

**C.2. Experiment 2.** The figures in columns A-C in Figure S13 represent the three environmental conditions: Column A correspond to the scarce environment (ticket prices are sampled from a left skewed distribution), column B corresponds to the environment with normal distributed ticket prices and column C corresponds to the plentiful environment (ticket prices are sampled from a right skewed distribution). The top row shows the posterior individual-level threshold parameters (semi-transparent red lines) and posterior group-level threshold parameters (solid red line) of the Linear Threshold Model (LTM) for each condition. Individual threshold and slope parameters vary between participants in each condition but the group-level variance (which capture inter-individual variability) is larger in the scarce (left-skewed) environment than in the plentiful (right-skewed) environment ( $\frac{\sigma_{\text{left}}}{\sigma_{\text{right}}} > 1$ ) for the first threshold parameter (1.24 CI: [0.93,1.66]) and the slope parameter (2.26 CI: [1.46,3.62]). Further, all the slope parameters are larger than 0 confirming the general trend to use a positive increasing threshold also in changing environments. Panels in the middle and bottom row show the individual threshold and slope parameters compared to the difference from the optimal performance (in percentage, negative numbers indicate a performance that is worse than when following the optimal policy). As in the first experiment, we find an inverse u-shaped relationship between the first threshold and difference in performance from the optimal policy in the normal and plentiful environment (i.e., columns B and C), but not in the scarce environment (column A). However we again find no discernible relationship between the slope and difference in performance from the optimal policy.

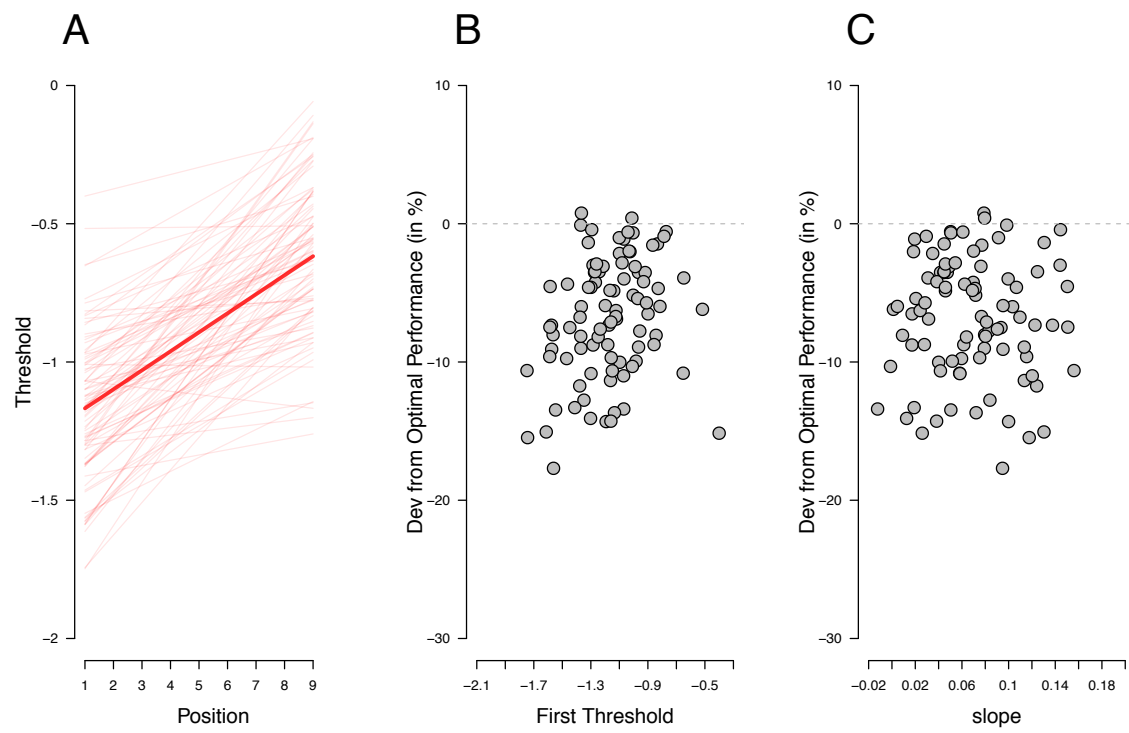
**C.3. Experiment 3.** Figure S14 A shows the posterior individual-level standardized threshold parameters (semi-transparent red lines) and posterior group-level standardized threshold parameters (solid red line) of the Linear Threshold Model (LTM). We observe from these figures that there are differences between individuals in both first thresholds and slopes. However the participants overwhelmingly follow the same general pattern (only two participants have a negative slope parameter). B and C show the individual parameters in comparison to the difference in optimal performances (in percentage) as for the other two experiments. This time, there is no clear inverse u-shaped pattern for the relationship between difference from optimal performance and first threshold parameter.



**Fig. S12.** Individual differences in experiment 1: (A) Posterior individual-level threshold parameters (semi-transparent red lines) and posterior group-level threshold parameters (solid red line) of the Linear Threshold Model (LTM). (B) Scatter plot of the individual threshold parameters (x-axis) and its deviation in performance from optimal strategy (y-axis) (C) Scatter plot of the individual slope parameters (x-axis) and its deviation in performance from the optimal strategy (y-axis).



**Fig. S13.** Experiment 2: (A) Left-skewed condition, scarce environment; (B) Normal Condition; (C) Right-skewed condition, plentiful environment. Top row: Posterior individual-level threshold parameters (semi-transparent red lines) and posterior group-level threshold parameters (solid red line) of the Linear Threshold Model (LTM). Middle row: Scatter plot of the individual threshold parameters (x-axis) and its deviation in performance from optimal strategy (y-axis) for each condition. Bottom row: Scatter plot of the individual slope parameters (x-axis) and its deviation in performance from the optimal strategy (y-axis) for each condition.



**Fig. S14.** Experiment 3: (A) Posterior individual-level threshold parameters (semi-transparent red lines) and posterior group-level threshold parameters (solid red line) of the Linear Threshold Model (LTM). (B) Scatter plot of the individual threshold parameters (standardized) and deviation in performance from optimal strategy (y-axis) (C) Scatter plot of the individual slope parameters (standardized) and deviation in performance from optimal strategy (y-axis).



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